

Message Text

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PAGE 01 NEW DE 06649 272025Z
ACTION NEA-10

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TAGS: ECON, IN
SUBJECT: SOCIO-ECONOMIC PROGRAM OF JANATA PARTY

REF: (A) 77 NEW DELHI A-212; (B) 77 NEW DELHI 15811;
(C) 77 NEW DELHI 18535

1. SUMMARY: ON APRIL 25 THE NATIONAL EXECUTIVE OF THE JANATA PARTY RELEASED THE TEXT OF A SOCIO-ECONOMIC ACTION PROGRAM. GENERAL THRUST OF THE STATEMENT WAS A CALL FOR BETTER IMPLEMENTATION OF PROGRAMS TO HELP THE POOR, PARTICULARLY IN RURAL AREAS. MAJOR INNOVATION WAS RECOMMENDATION THAT SOME LARGE PRIVATE SECTOR INDUSTRIAL FIRMS BE BROUGHT DIRECTLY UNDER PUBLIC CONTROL. THE CONTROVERSIAL ASPECTS OF THE PROGRAM ARE LIKELY TO BE FORGOTTEN. END SUMMARY.

2. THE JANATA PARTY'S LATEST ECONOMIC PRONOUNCEMENT CONTAINS A NUMBER OF SPECIFIC RECOMMENDATIONS IN ADDITION TO THOSE IN ITS ECONOMIC AND INDUSTRIAL POLICY STATEMENT OF LATE 1977 (REFS). THE MOST IMPORTANT NEW PROPOSAL, HEADLINED IN THE LOCAL PRESS, WAS THAT LARGE INDUSTRIAL FIRMS WHICH HAVE BEEN PROVIDED LIMITED OFFICIAL USE

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PAGE 02 NEW DE 06649 272025Z

A LARGE PERCENTAGE OF THEIR OVERALL CAPITAL BY PUBLIC FINANCIAL INSTITUTIONS "SHOULD BE BROUGHT DIRECTLY UNDER PUBLIC CONTROL". CONCENTRATION OF ECONOMIC POWER SHOULD BE REDUCED, "INDUSTRIAL FEUDALISM" (CONTROL OF FIRMS BY BIG BUSINESS FAMILIES) ABOLISHED AND MANAGEMENT PROFESSIONALIZED.

3. THE BASIC THRUST OF THE STATEMENT IS A CALL FOR MORE PROGRAMS

TO HELP INDIA'S LOWER INCOME GROUPS, INCLUDING MORE DISTRIBUTION OF SURPLUS LANDS; BETTER LAND RECORDS; MORATORIUM OR ABOLITION OF THE DEBTS OF THE RURAL POOR; MORE PUBLIC CREDIT; INCREASED NUMBER OF HOUSES CONSTRUCTED AND SITES ALLOTTED; PROVISION FOR MORE DRINKING WATER AND MINOR IRRIGATION WORKS; CONSTRUCTION OF ROADS AND RAILWAY LINES; FOOD FOR WORK AND OTHER PROGRAMS DESIGNED TO GENERATE MORE EMPLOYMENT; A LAND ARMY TO RECLAIM AND CONSERVE LAND AND PLANT TREES; REVITALIZATION OF THE TEXTILE INDUSTRY TO PROVIDE MORE CHEAP CLOTH FOR THE MASSES; THE DEVELOPMENT OF BIO GAS PLANTS; AND A LITERARY ARMY TO TACKLE THE PROBLEM OF ADULT LITERACY. THE NATIONAL EXECUTIVE "EXPRESSED ITS DISSATISFACTION WITH THE SLOW AND TARDY IMPLEMENTATION OF THE PARTY'S SOCIO-ECONOMIC PROGRAMS". IT CALLED FOR THE MOBILIZATION OF PARTY WORKERS AND VOLUNTEERS TO HELP CARRY OUT GOI ECONOMIC OBJECTIVES. IT ALSO WANTED A NATIONAL CONSENSUS ON SUCH ISSUES AS THE ERADICATION OF UNTOUCHABILITY, THE PROTECTION OF MINORITIES AND OTHER WEAKER GROUPS, AND AN END TO LABOR AND UNIVERSITY UNREST AND VIOLENCE.

4. COMMENT: IT IS UNCLEAR WHETHER THE FEW CONTROVERSIAL ASPECTS OF THE PROGRAM DEALING WITH LARGE PRIVATE SECTOR COMPANIES HAVE BEEN FINALLY APPROVED BY THE NATIONAL EXECUTIVE. THIS POPULIST RHETORIC MAY BE POPULAR POLITICALLY, BUT IT IS NOT PRACTICAL AND IS LIKELY TO REMAIN A DEAD LETTER. NEVERTHELESS, THE PROPOSALS WILL NOT ENCOURAGE BUSINESS CONFIDENCE IN GOI ECONOMIC POLICIES. ALSO, THE ATTACK ON LARGE INDUSTRIAL HOUSES CONTRALIMITED OFFICIAL USE

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PAGE 03 NEW DE 06649 272025Z

DICTS RECENT GOI POLICIES THAT ARE DESIGNED TO ENCOURAGE INDUSTRIAL OUTPUT AND INVESTMENT, SUCH AS THE LIBERALIZED IMPORT REGIME AND THE RELAXATION OF INDUSTRIAL LICENSING CONTROLS (THE EXEMPTION LIMIT FOR OST COMPANIES HAS BEEN RAISED FROM RS. 10 MILLION TO RS. 30 MILLION).

5. COMMENTING ON THE SOCIO-ECONOMIC ACTION PROGRAM, THE ECONOMIC TIMES IN AN EDITORIAL THAT LARGELY REFLECTS INFORMED PUBLIC OPINION STATES THAT THE JANATA PARTY "OVERWHELMED BY TENSIONS WITHIN AND WITHOUT IS SEEKING A POPULIST MEASURE AKIN TO THE NATIONALIZATION OF MAJOR BANKS IN 1969" IN AN EFFORT TO IMPROVE ITS DETERIORATING IMAGE. THE EDITORIAL GOES ON TO ADD THAT "CONCEPTS LIKE BIGNESS OF INDUSTRY AND ECONOMIC POWER HAVE LESS BEARING ON THE NATIONAL PRIORITIES OF THE DAY" AND WARNS THAT "POPULIST TALK OF RADICAL STEPS AGAINST INDUSTRIAL FEUDALISM WILL LEAD US NOWHERE".

6. MOST OF THE ACTION PROGRAM IS CONCERNED WITH SPECIFIC AND WORTHWHILE PROPOSALS TO IMPROVE THE STANDARD OF LIVING OF THE RURAL POOR (PARA 3), WHICH IS IN LINE WITH THE JANATA PARTY'S EMPHASIS ON AGRICULTURAL AND RURAL DEVELOPMENT. HOWEVER, DESPITE THE IMPORTANCE GIVEN TO PROGRAM IMPLEMENTATION IN THE STATEMENT,

THE PARTY HAS NOT YET ORGANIZED ITSSELF SUFFICIENTLY TO EFFECTIVELY
CARRY OUT ITS ECONOMIC POLICIES, PARTICULARLY IN THE RURAL AREAS.
WE BELIEVE, THEREFORE, THAT WHILE MANY OF THE PROPOSALS ARE NEEDED
THEY WILL RESULT IN ONLY A MARGINAL IMPACT ON THE DAILY LIVES
OF LOWER INCOME GROUPS.

7. WE ARE POUCHING COPIES OF THE STATEMENT TO WASHINGTON.
GOHEEN

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